

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

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FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 2064

C O N F I D E N T I A L SECTION 1 OF 2 MOSCOW 9587

E. O. 11652: GDS

TAGS: ENRG TPHY UR US

SUBJ: ENERGY AGREEMENT: GEOTHERMAL

FOR: EUR/SOV (GARRISON, OES (KRATZER)

DEPT: PASS ERDA FOR SEAMANS, FEA FOR ZARB

REF: MOSCOW 8089

1. SUMMARY. SOVIETS INFORMED US JULY 7 THAT US GEOTHERMAL TEAM WOULD NOT BE ABLE TO VISIT KAMCHATKA. EMBASSY'S REVIEW OF VIABLE OPTIONS FOR RESPONDING TO THIS DEVELOPMENT, IN LIGHT OF CURRENT HISTORY OF THIS AGREEMENT, LEADS US TO RECOMMEND ASKING SOVIETS TO RECONSIDER AND THREATENING TERMINATION OF COOPERATION ON GEOTHERMAL ENERGY PLUS COOPERATION IN ANY OTHER AREA OF VALUE TO SOVIETS IF KAMCHATKA REMAINS CLOSED TO US TEAM. REQUEST WASHINGTON VIEWS ASAP. END SUMMARY.

2. SCICOUNS WAS INFORMED ON JULY 7 BY MINERGO THAT IN SPITE OF MANY PERSONAL EFFORTS BY MINISTER NEPOROZHNIY,
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VISIT OF US GEOTHERMAL TEAM TO KAMCHATKA IS NOT REPT NOT

POSSIBLE. SCICOUNS WAS TOLD THAT NEPOROZHNIY "TRIED TO DO HIS BEST BUT WAS NOT SUCCESSFUL."

3. THIS ALLEGED FAILURE OF SOVIET MINISTER OF POWER NEPOROZHNIY SHOULD BE SEEN AGAINST BACKGROUND OF HIS STATEMENT MADE OCTOBER 4, 1974 DURING THE MORNING SESSION OF FIRST MEETING OF JOINT COMMITTEE ON COOPERATION IN FIELD OF ENERGY (WASHINGTON, OCTOBER 3-5, 1974); "DIFFICULTIES IN CONNECTION WITH PLAN FOR US GEOTHERMAL TEAM VISIT KAMCHATKA WAS PURELY FORMAL. I DID NOT HAVE TIME TO GET CLEARANCE FOR A VISIT TO THIS CLOSED ZONE. I HOPE TO BE ABLE TO ELIMINATE THE DIFFICULTIES. I THINK WE CAN MANAGE THAT." AS RECENTLY AS A MONTH AGO (MOSCOW 8089) SCICOUNS WAS INFORMED THAT SOVIET MINISTER OF POWER HAS TAKEN PERSONAL ACTION TO REMOVE "ADMINISTRATIVE" OBSTACLES. SEVERITY OF "OBSTACLE" WAS THUS GROSSLY UNDERESTIMATED BY SOVIET MINISTER.

4. AS RECENTLY AS JANUARY 30, 1975, TASS CARRIED ITEM ON GEOTHERMAL ENERGY IN KAMCHATKA WHICH MENTIONED CONSTRUCTION OF GEOTHERMAL POWER STATIONS AS PROBLEM NUMBER ONE IN KAMCHATKA. A .75 AND A 5 MEGAWATT OPERATING PLANT WERE DISCUSSED AND NEWLY DISCOVERED THERMAL WATER RESOURCES WERE ESTIMATED AT 1000 MEGAWATTS. TASS DISPATCH UNCLEAR WHETHER THIS REPRESENTED ALL-ELECTRICAL OUTPUT OR INCLUDED THERMAL ENERGY.

5. NEPOROZHNIY'S OCTOBER 4, 1974 COMMENT ALSO INCLUDED REMARK THAT "GEOTHERMAL WATERS ARE AVAILABLE NOT ONLY AT KAMCHATKA BUT ALSO AT KAZAKHSTAN. THEY ARE USED TO HEAT CITIES AND FOR AGRICULTURE AS WELL AS FOR POWER." EMBASSY RECENTLY TOLD THAT NON-ELECTRICAL POWER UTILIZATION OF GEOTHERMAL SOURCES IS UNDER JURISDICTION OF GAS MINISTRY AND NOT POWER MINISTRY.

6. AS WASHINGTON AGENCIES ARE AWARE, ORIGINAL VISIT OF US TEAM WAS SCHEDULED FOR JUNE 2, 1974. IT WAS POSTPONED TILL FALL 1974 (MOSCOW 10135, 1974). ON AUGUST 13, 1974 IT WAS POSTPONED INDEFINITELY (STATE 177037, 1974). AFTER NEPOROZHNIY'S PROMISE (SEE PARA 2 ABOVE) ATTEMPTS TO GET MATTER RESOLVED ENCOUNTERED SEVERAL DELAYS (STATE 52663, 22070; MOSCOW 2261, 3272).

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7. SOVIET REFUSAL TO PERMIT US EXPERTS TO VIEW INSTALLATION TOUTED WTELD'S LARGEST AND MOST ADVANCED IN GEOTHERMAL FIELD REPRESENTS MAJOR SETBACK FOR COOPERATION IN GEOTHERMAL ENERGY FIELD. OUR CONTACTS IN MINERGO REALIZE THIS AND HAVE ASKED FOR OUR RESPONSE TO THIS MOVE "THE SOONER THE BETTER." THEY ARE ANXIOUS TO KNOW "TO WHAT DEGREE OUR COOPERATION DEPENDS ON KAMCHATKA." THEIR IMPLICATION WAS THAT THEY NEED SOME

AMMUNITION FROM US TO HELP THEM FIGHT THE GOOD BATTLE WITHIN THE SOVIET BUREAUCRACY.

8. EMBASSY VIEWS THIS AS A VERY SERIOUS MATTER. WE BELIEVE US RESPONSE TO SOVIET REFUSAL MERITS HIGH-LEVEL ATTENTION IN CONTEXT OF THE PRESENT AND FUTURE VALUE OF GEOTHERMAL ENERGY TO UNITED STATES. WHILE GEOTHERMAL R, D & D TECHNOLOGY WAS NOT RANKED TO BE OF HIGHEST PRIORITY IN ERDA'S RECENT NATIONAL R, D & D ENERGY PLAN (ERDA-48 JUNE 28, 1975) ITS POSSIBLE MID-TERM (1985-2000) IMPACT WAS JUDGED SUBSTANTIAL AND IT WAS PUT ON LIST OF IMPORTANT UNDER-USED TECHNOLOGIES. THE USSR IS PRESUMED TO BE SIGNIFICANTLY AHEAD OF THE US IN THIS ENERGY TECHNOLOGY. WE ARE ABOUT TO GO INTO PILOT OPERATION WHEREAS THE SOVIETS ARE OPERATING FINISHED POWER STATIONS. REFUSAL OF SOVIET GOVERNMENT TO OPEN UP KAMCHATKA FOR OUR EXPERTS SUBSTANTIVELY LOWERS CHANCES FOR AN EQUITABLE, BALANCED AND RECIPROCAL COOPERATION UNDER THIS AGREEMENT. TOGETHER WITH "FOUR TEMPORARY GROUPS OF EXPERTS," IN OIL, GAS, COAL AND INFORMATION EXCHANGE, THIS PROGRAM AREA HAS BEEN PERENNIAL PROBLEM, WHILE ALL OTHER ENERGY AREAS CONTINUE TO FUNCTION MORE SMOOTHLY.

9. BY WAY OF BACKGROUND: UNFORTUNATE CIRCUMSTANCES SUCH AS NEPOROZHNIY'S ILLNESS AND US AGENCY RE-ORGANIZATION (FORMATION OF ERDA) HAVE DELAYED CARRYING OUT OF COMMITMENTS ON BOTH SIDES. NEITHER SIDE MET THE JANUARY 1, 1975 TARGET DATE TO DESIGNATE GROUPS OF EXPERTS ON OIL, GAS, COAL AND INFORMATION EXCHANGE. TWO GROUPS (GAS AND INFORMATION EXCHANGE) ARE YET TO MEET. MULTIPLE POSTPONEMENTS OF WORK AND PLANS HAVE NOT ONLY MADE THE JUNE-JULY COMMITMENT FOR THE SECOND JOINT COMMITTEE MEETING ILLUSORY BUT ARE CURRENTLY THREATENING THE ONCE-A-YEAR REQUIREMENT. NO ACTION FOLLOWED JC DECISION TO IMPLEMENT PROJECT ON PROTECTION OF THE ENVIRONMENT DURING

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WELL DRILLING, PRODUCTION AND PIPELINE TRANSPORTATION OF OIL AND GAS TRANSFERRED FROM THE ENVIRONMENTAL AGREEMENT. UNLESS A PRECOMMITTEE MEETING OF CHAIRMEN AND/OR EXECUTIVE SECRETARIES (THE US SIDE NEVER SUBMITTED A NAME FOR EXECUTIVE SECRETARY) IS CONVENED THE JC MEETING WILL BE VERY DIFFICULT ONE. EMBASSY SEES GREAT POTENTIAL VALUE IN A NUMBER OF ONGOING PROGRAMS SUCH AS MHD, SUPERCONDUCTING TRANSMISSION AND OTHERS AND WOULD LIKE TO ASSIST IN HELPING TO GET ENERGY AGREEMENT ON ITS WAY. MOST CURRENT PROJECTS ARE CONTINUING BECASSE OF INERTIA AND THE OLD S&T AGREEMENT IMPETUS AND LACK OF COHESIVENESS.

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ACTION EUR-12

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

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C O N F I D E N T I A L SECTION 2 OF 2 MOSCOW 9587

10. IN THIS CONTEXT, WE SEE FOLLOWING OPTIONS FOR
RESPONDING TO PRESENT SOVIET POSITION ON KAMCHATKA:

(A) ACCEPT FACT OF CLOSED AREA AND ASK FOR SUBSTITUTE
VISIT TO KAZAKHASTAN IN ACCORDANCE WITH NEPOROZHNIY'S HINT
(PARA 4 ABOVE). THIS OPTION IS NOT RECOMMENDED BY EMBASSY
SINCE WE BELIEVE KAZAKHASTAN INSTALLATIONS ARE MUCH INERIOR
TO KAMCHATKS'S.

(B) TERMINATE ALL COOPERATION RELATED TO GEOTHERMAL
ENERGY SOURCES IF KAMCHATKA REMAINS CLOSED. THIS OPTION
SHOULD BE SERIOUSLY CONSIDERED. WHILE GGEOTHERMAL ENERGY
REPRESENTS A CHEAP IF NOT THE CHEAPEST ENERGY SOUCE IT HAS
SEVERE GEOGRAPHIC LIMITATIONS. FURTHERMORE, IT IS NOT
EXPECTED TO HAVE A MAJOR IMPACT ON US NATIONAL ENERGY SUPPLY.
HOWEVER, IT SEEMS LIKELY THAT SOVIETS ARE READY FOR THIS
EVENTUALITY AND THAT A CHANGE IN THE SOVIET POSITION ON
KAMCHATKA IS UNLIKELY IF ONLY GEOTHERMAL TOPIC IS TO BE
DROPPED. THIS ACTION WOULD PRIMARILY BENEFIT THE SOVIETS.

(C) THREATEN TO TERMINATE COOPERATION NOT ONLY ON
GEOTHERMAL ENERGY SOUCES BUT ALSO IN ANOTHER AREA THAT IS
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HIGHLY VALUED BY SOVIETS SUCH AS "ELECTRIC POWER SYSTEM
PLANNING AND DISPATCHING" OR "UHV TRANSMISSION TECHNOLOGY."
IF PROPERLY CHOSEN THIS ACTION COULD PRODUCE THE DESIRED
EFFECT OF OPENING UP THE CLOSED AREA TO OUR EXPERTS.

(D) THREATEN TO TERMINATE COMPLETE US-USSR AGREEMENT
SIGNED JUNE 28, 1974 IN MOSCOW. THIS WOULD CERTAINLY CALL
MATTER TO HIGH LEVEL SOVIET ATTENTION BUT WOULD ALSO
PRECIPITATE DETAILED REVIEW OF US ACTIONS AND LACK OF ACTIONS
RESULTING IN CONTENTIOUS DEBATE WITH US OVER NON-COMPLIANCE
WITH PROVISIONS OF AGREEMENT. FOR THIS REASON, AS WELL AS
IN THE BELIEF THAT SUBSTANTIAL FUTURE BENEFITS COULD ACCURE
TO THE US FROM THE ENERGY AGREEMENT (IN AT LEAST ONE OR TWO
AREAS OF COOPERATION) IF CAREFULLY AND DILIGENTLY
ADMINISTERED, EMBASSY DOES NOT FAVOR OPTION D.

1. ON BALANCE, WE BELIEVE US INTERESTS WOULD BE BEST
FURTHERED BY OPTION C. AS FALLBACK, WE WOULD FAVOR OPTION
B. PLEASE ADVISE.
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